

## APPENDIX B

**Clean Copy of Specification Paragraphs After Amendment Filed February 26, 2003****Paragraph at page 8, lines 1-8:**

In the above-described preferred embodiment, there is a single child portfolio (the SPDRX) which comprises all the stocks traded in a single market (in this case, the NASDAQ). And among a total of  $N = 500$  different securities in the parent portfolio (i.e., the S&P 500-based SPDR),  $M_1 = 54$  different securities of the child portfolio all are traded on a first securities market (the NASDAQ), while none of the other  $N - M_1 = 446$  different securities in the parent portfolio are traded on that first securities market. The benefits of the SPDRX of this first embodiment now become evident. Instead of placing  $M_1 = 54$  separate orders with NASDAQ dealers to trade the orders, an SPDR specialist need only place a single order to buy or sell shares of  $C_{eq1}$  with the SPDRX specialist. Since the SPDRX shares are traded automatically, this means that the SPDR specialist realizes the benefits of speed and efficiency previously accorded only for those remaining 446 stocks not individually traded on the NASDAQ.